



ELIGIBILITY FOR THE TAX CREDIT FOR CHILDCARE EXPENSES OF A PORTION OF EXPENSES PAID FOR PEDAGOGICAL DAYS

To recognize the costs borne by parents who work or pursue studies, the tax system grants a refundable tax credit for childcare expenses. This tax credit is determined by applying a rate, which can vary from 26% to 75% depending on family income, to qualified childcare expenses.

Subject to certain exclusions, all expenses incurred for the purpose of providing childcare services—babysitting services, day nursery services, or services at a boarding school or camp—for a child¹ can qualify for the refundable tax credit for childcare expenses, where the expenses were incurred to enable an individual or the individual's spouse to work, pursue studies or actively seek employment.²

Currently, childcare expenses that do not qualify for the tax credit include the reduced contribution payable by a parent whose child receives subsidized childcare through a childcare centre, daycare centre or home childcare provider, or at school if the contribution pertains to basic services provided for school days or pedagogical days.

In recent weeks, various changes have been made to the budgetary rules applicable to subsidized childcare at school. Since these changes can increase the contribution payable by parents in respect of their children for subsidized childcare at school on pedagogical days, amendments will be made to the tax regulations so that the amount of the contribution for basic services provided on a pedagogical day that does not qualify for the tax credit is limited to \$8 a day per child,³ the maximum amount that may be charged for basic services provided on school days.

Thus, as of the 2015-2016 school year, parents who register their children in subsidized childcare at school for a pedagogical day will be able to claim the refundable tax credit for childcare expenses in respect of the portion of the contribution paid for basic services provided on the pedagogical day that exceeds \$8,⁴ provided the conditions otherwise applicable are met.

1 The child must be under 16 years of age or a dependant because of a mental or physical infirmity.

2 The tax credit may also be granted for childcare expenses in any period during which an individual or the individual's spouse receives benefits under the Québec parental insurance plan or benefits relating to a birth or an adoption under Canada's Employment Insurance Program.

3 This amount will be indexed on January 1 each year.

4 See the preceding note.

More specifically, the regulatory provision stipulating that expenses paid for basic services provided through subsidized childcare, with the exception of expenses paid during spring break for childcare at school, do not qualify for the refundable tax credit for childcare expenses will be replaced to stipulate that the following expenses do not qualify for the tax credit when paid:

- as the contribution fixed by the *Reduced Contribution Regulation*⁵ for a day of childcare prior to April 22, 2015;
- as the reduced contribution payable under the *Educational Childcare Act*⁶ for a day of childcare subsequent to April 21, 2015;
- as the contribution fixed by the budgetary rules pertaining to education, established in accordance with the legislation,⁷ where, according to the rules, the contribution relates to basic services provided for a school day for a child who regularly attends childcare at school;
- as the contribution fixed by the budgetary rules pertaining to education, established in accordance with the legislation, where, according to the rules, the contribution relates to basic services provided for a child registered in childcare at school for a pedagogical day prior to July 1, 2015;
- related to basic services provided for a child registered in childcare at school for a pedagogical day subsequent to June 30, 2015 in respect of which an allocation is granted under the budgetary rules pertaining to education, established in accordance with the legislation, or would have been granted had the child attended childcare on that day, up to the maximum daily financial contribution that, according to the rules, would have been payable if the day had been a school day and the child had regularly attended childcare at school.

Since they will not be prescribed, expenses for basic services provided through subsidized childcare at school for spring break will continue to be qualified expenses for the purposes of the tax credit for childcare expenses.

For information concerning the matters dealt with in this information bulletin, contact the Direction des communications at 418 528-9323.

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5 CQLR, chapter S-4.1.1, r. 1.

6 CQLR, chapter S-4.1.1.

7 These budgetary rules are established in accordance with section 472 of the *Education Act* (CQLR, chapter I-13.3), section 84 of the *Act respecting private education* (CQLR, chapter E-9.1) and section 15.1 of the *Education Act for Cree, Inuit and Naskapi Native Persons* (CQLR, chapter I-14).